

Council on Postsecondary Education
February 4, 2002

Executive Summary

Special Agenda – Postsecondary Education and the Knowledge-Based Economy

May 2002 marks the fifth anniversary of postsecondary reform. It is fitting that the two council meetings leading up to the birthday of House Bill 1 showcase some of the important work that has taken place over the last five years. At the last council meeting, members expressed interest in activities related to the new economy and, in particular, to ways in which faculty holding endowed chairs and professorships as a result of the endowment match program were working to improve lives in Kentucky. So the February meeting includes a special agenda devoted to the role of postsecondary education in creating the ideas and talent that lead to good jobs in a knowledge-based economy. Then, in March, we shall focus on what the postsecondary system is doing to prepare the workforce to fill those jobs.

Since the November meeting, the Kentucky Innovation Commission has approved the strategic plan presented to it by William Brundage, commissioner for the new economy. The plan sets out ambitious goals that center on postsecondary education and emphasizes that the three building blocks of the

knowledge-based economy are research and development capacity, an entrepreneurial business climate, and an educated workforce. Government, business, and postsecondary education are the three key players. Paul Chellgren, chairman of the board and chief executive officer of Ashland Inc., accompanied by Bill Brundage and Gordon Davies, will start the meeting with comments on the importance of this critical partnership.

The Postsecondary Education Improvement Act of 1997 and the Kentucky Innovation Act (2000) laid the groundwork for the council, the institutions, the office of the new economy, the business community, and other entities, to help transform Kentucky's economy. The innovation act gave the council policy leadership for four programs and authority to contract with the Kentucky Science and Technology Corporation to administer them. The KSTC has made its first research and development grants, using funds it administers under contract with the council. Jim Clifton and Mahendra Jain from KSTC will review these programs. And you'll hear from and be able to ask questions of recipients of research and development grants from the Rural Innovation Fund and the Commercialization Fund. These persons are located throughout the state and emphasize the commitment to all regions of Kentucky.

Wimberly Royster, director of the Experimental Program to Stimulate Competitive Research, will give a historical perspective of Kentucky's success in attracting federal research funds through the EPSCoR program. EPSCoR was

created to help states that lagged behind improve the competitiveness of state universities in research, ensure broad geographic distribution of federal merit-reviewed research awards, and build basic research capacity in science and engineering to nationally competitive levels. EPSCoR was created at the federal level in 1978, and Kentucky has generated \$95 million in federal grants since it began to participate in 1986. These grants have enabled Kentucky to leverage one dollar in state research investments with four dollars of EPSCoR money. We want to be the first state to graduate from among those receiving funds.

You also will hear from and question four distinguished faculty who have joined us as part of Kentucky's effort to build intellectual capital through postsecondary education. The postsecondary reform act created the Research Challenge Trust Fund to support nationally recognized research programs at the University of Kentucky and the University of Louisville. These funds, along with the Endowment Match Program (known as "Bucks for Brains"), are used to recruit exceptional faculty to Kentucky's two research universities. Faculty recruited as part of the RCTF program perform national-class research that benefits the Commonwealth and its economy. Brad Anderson and Sharyn Perry from the University of Kentucky and Victoria Molfese and Mark Rothstein from the University of Louisville, researchers hired through the Endowment Match Program, will explain their research and its effect on Kentuckians and Kentucky's economy.

Finally, you will have an opportunity to talk with Presidents Lee Todd and John Shumaker of the University of Kentucky and the University of Louisville about the ways in which they are working together to maximize the results of the state's investment in research capacity. They will include in their report an update on Kentucky's office in Washington, D.C., which is now fully operational and is seeking to coordinate the major federal funding initiatives that are suggested by colleges and universities and the Office of the New Economy.